

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

**Release Number: 201219034
Release Date: 5/11/2012
Date: February 15, 2012**

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

B= business
C= award
x= dollar amount
y= number

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated August 31, 2011.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

You will operate a grant-making program called C. C was established to provide grants to individuals to support novel projects to improve the delivery of civil legal services to the poor, the elderly, the homeless and the disabled, as well as those deprived of their civil or human rights.

The grants will each be in the amount of x dollars. You plan to award up to y grants per year. Funds will be paid to the legal services entity employing the recipient undertaking the project, a sponsoring 501(c)(3) organization.

In order to qualify for C, applicants must have been accepted into and participated in your Fellows program. All former Fellows will be notified of C, primarily through email.

To apply, applicants must submit materials that include: (1) a description of the proposed project; (2) a description of the applicant's career trajectory and how it brought the applicant to his or her present position; (3) an explanation of the inspiration to undertake the proposed initiative; (4) a budget for the proposed project and details regarding the use of the grant monies; (5) a timeline for the project's implementation; and (6) an up-to-date Curriculum Vitae.

The applications are reviewed by a four-person Selection Committee that is currently comprised of your Executive Director, a former Fellow, and two partners from B.

The Selection Committee selects recipients based on the merits of the proposed projects described in the applications. They consider the geographic diversity, innovativeness and originality of projects in addition to whether the projects create new materials for clients, use new technology, or utilize expert witnesses. The Selection Committee seeks to determine which applicants are most likely to succeed in completing their proposed projects by considering each applicant's past performance as a Fellow and his or her career path since completing the Fellowship. Members of the selection committee are not in a position to derive any personal or private benefit, directly or indirectly, from the decision of who is to receive the grant.

The selection is not based on sex, sexual orientation, marital or parental status, race, color, religion, national origin, age or handicap. No person related to you, or the partners and/or employees of B, is eligible to apply. The selection of grantees is based solely on criteria related to the exempt purposes of you and the grant program.

In general, C will be for projects with a duration of less than one year. For this reason, the grant is not intended to be renewed. Former C recipients may remain eligible to apply for new awards in future years.

There is no written grant agreement. Funds awarded through C are paid only to the sponsoring 501(c)(3) organization that employs the recipient.

You will maintain continuing contact with the recipient and the 501(c)(3) organization sponsoring the project during the period in which C is expended. Upon the completion of the project, the grantee must submit a detailed written report describing how the funds were used and how the outcome of the project met expectations. For projects that last longer than one year, you will require annual status reports from the grantee in addition to the final written report.

If the recipient leaves the sponsoring organization before completion of the project, the sponsoring organization would be required to return any unused funds. However if the recipient was merely moving to another 501(c)(3) organization that could adequately serve the project's clients, such funds may be transferred to the new sponsoring organization, at your sole discretion.

Were you to discover a misuse of an award, you will examine the facts and circumstances involved in such violation and promptly make a determination as to the actions, that included seeking to recover the grant.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;

- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code

and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of sections 4945(g)(1) and 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosures:
Notice 437
A copy of the redacted letter